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CALIFORNIA STATE ALLOCATION BOARD
FULL-DAY KINDERGARTEN
FACILITIES GRANT PROGRAM
STAKEHOLDER MEETING

STATE CAPITOL
ROOM 447
SACRAMENTO, CALIFORNIA

DATE: THURSDAY, OCTOBER 4, 2018
TIME: 10:03 A.M.

Reported by: SUSAN PALMER
eScribers

1 APPEARANCES:

2 REPRESENTATIVES OF THE DEPARTMENT OF GENERAL SERVICES, OFFICE
3 OF PUBLIC SCHOOL CONSTRUCTION (OPSC) PRESENT:

4 MICHAEL WATANABE, Chief, Program Services

5 BRIAN LAPASK, Policy & Operations Manager, Program Services

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P R O C E E D I N G S

MR. WATANABE: Welcome. Today is October 4th, 2018. This is the third stakeholder meeting from the State Allocation Board for a Full-Day Kindergarten Facilities Grant Program.

I am Michael Watanabe, Chief of Program Services for OPSC, and with me is Brian LaPask, our Policy Operations Manager.

So about this meeting today, this is -- like I said, this is our third meeting. We had one back in August and September. If you'd like to view those webcasts, they are available on our website.

Today -- as a result of all the feedback we received at those meetings and the email and phone calls after those stakeholder meetings, what we brought back today is proposed forms, regulations, and a grant agreement for administering the program.

We welcome any feedback after this meeting. We're hoping that by COB next Thursday that we get additional feedback on anything you've heard today or as we've gone through the regs, some thoughts on those. We'd appreciate that back as soon as possible.

1 Our ideal goal is to take these regs to the
2 October 24th Board meeting for presentation to the State
3 Allocation Board for approval so that we can move these
4 regulations through the administrative process.

5 A little bit of background. If you're not
6 familiar, Assembly Bill 1808 added the Full-Day Kindergarten
7 Facilities Grant Program to the Education Code. As part of
8 the 2018-2019 Budget Act, a hundred million was provided by
9 the budget in cash to provide one time grant funds to school
10 districts that either lack facilities for a full-day
11 kindergarten or they have a need to retrofit facilities for
12 a full-day kindergarten.

13 So what we'll do today is Brian and I will walk
14 through the grant agreement, the regulations, kind of
15 highlight what each one does and if you'd like, we can go
16 farther in the weeds to the specifics of each of the
17 regulations.

18 Before we go into the regs, we do want to address
19 any questions and comments we received from the last
20 meeting, so we'll take care of that part first.

21 MR. LAPASK: All right. Brian LaPask, OPSC. So
22 if you turn to page 2 in the packet, there's a few questions
23 and answers we had outstanding from the last meeting.

24 If you look over the last two meeting items that
25 we published, there's a bunch of Q and A's in those too and

1 we actually have implemented I think everything that was
2 either missing from the program or we thought the program
3 could allow.

4 So we've incorporated all that stuff. We also
5 incorporated the things from these questions, but these are
6 the ones that came up at the last meeting.

7 So the first one is basically asking if you're
8 doing a like-for-like replacement of an entire school or
9 part of a school, if you could combine that -- the
10 modernization project with the full-day kindergarten
11 project, so it'd be like a hybrid SFP modernization as well
12 as full-day kindergarten.

13 And basically, the answer's yes, you can do that.
14 You would need to qualify for the full-day kindergarten
15 program in and of itself, meaning that you'd have to meet
16 all the qualifications for that portion of the project.
17 Just like the SFP project, you have to meet the
18 qualifications for that portion of it.

19 And we would only ask that you clearly delineate
20 in all your documents and your plans and, of course, your
21 expenditures as well just clearly which classrooms and which
22 work goes to which project, just like with any other hybrid
23 project really. So we don't see any issue with that.

24 Next one is are transitional kindergarten pupils,
25 basically are they part of the kindergarten population, are

1 they a part of this program, and the answer is yes. For the
2 purposes of full-day kindergarten, there's no distinguishing
3 between transitional kindergarten and kindergarten pupils,
4 but we do look at them in totality.

5 So we don't provide facilities for them
6 separately, but we would, you know, combine the enrollment
7 that you have for both of those different populations of
8 students and we would provide facilities accordingly.

9 The third question, is there a specific format for
10 the required full-day kindergarten program resolution that
11 the district turns in, and we'll talk about the particulars
12 of what's in the resolution later, but we don't have a
13 template at this time. We may have one in the future. I'm
14 not sure, but it's really up to the district what they'd
15 like to put in there.

16 There are a few minimum things you have to have in
17 there, but aside from that, it's kind of at your discretion
18 what you want to put in there.

19 The last question on page 2 is basically asking --
20 I can read the entire thing, but basically what it's asking
21 is if you have a site, either a situation where you're
22 adding kindergarten grade level to a site that doesn't
23 currently have it or if you're expanding to some kind, could
24 you use full-day kindergarten funds for that.

25 We don't think the statute provides for that

1 ability. It's not to provide for growth. It's to house
2 existing kindergarten or transitional kindergarten pupils,
3 and so if you don't have kindergarteners there right now,
4 you're not -- there's no CBEDS at the site for kindergarten
5 and there's -- you're basically -- that site is growing to
6 include kindergarten kids.

7 Whether or not you're expanding your classroom
8 base isn't really the issue. It's just that you're
9 providing for kindergarten kids that aren't there right at
10 that moment, so they're not existing kindergarten kids. So
11 we don't think it fits in the program.

12 And then the last question on page 3, do full-day
13 kindergarten projects have to participate in a priority
14 funding round. The answer's no.

15 We already have the cash available for the program
16 and the reason why we do priority funding in the School
17 Facility Program is that we have to wait for bond sales. So
18 we don't have that here, so the funds will be released
19 pretty much as soon as you're ready for them.

20 Okay. With that, I'm going to go quite a ways
21 forward in the package and talk about the regulations. It's
22 on page 47 if you're following along.

23 And we created these -- a lot of the information
24 you'll see in here is very similar to the School Facility
25 Program. We basically took some of the ideas that are

1 incorporated in both programs and just kind of tailored them
2 for full-day kindergarten, and I'll talk about which ones
3 are brand new, which ones are -- you know, kind we did that.
4 We kind of manufactured them.

5 But just kind of going through them. So the first
6 one, 1860 is -- you'll notice it's a different rule set.
7 It's not 1859 the way the School Facility Program
8 regulations are and that's because this is outside of the
9 School Facility Program.

10 So it starts with 1860. That first one there is
11 just general program information. What it provides, there's
12 a hundred million dollars available, et cetera.

13 1860.1 just talks about how the -- well,
14 basically, OPSC will carry out the program on behalf of the
15 DGS director. And then 1860.2 is the definition section.
16 Most of these are -- come out of the SFP. They won't look
17 new to you. There are a few that are different. I'll
18 highlight those.

19 On stamped page 48, down at the bottom, we have
20 our new forms. We define what a full-day kindergarten
21 classroom is. We redefine the word fund to be, you know,
22 for the full-day kindergarten.

23 And then kind of moving on on page 49, we define
24 low income which I think may or may not be already in the
25 SFP, but it's really important in this program because

1 that's going to determine the funding priority.

2 New construction, you know, and new construction
3 grant are updated to include full-day kindergarten
4 provision, and then on the last page -- on page 50, we have
5 the retrofit information and we define program to mean the
6 Full-Day Kindergarten Facilities Grant Program for this rule
7 set.

8 Moving on to page 51, the header down at the
9 bottom of page 50, it's 1860.3 for general. This just
10 basically is saying that you must file a 70-01 when you
11 apply for funds, which is very similar to the 50-04 for SFP.
12 It's a funding request.

13 And then going down under funding guidelines, part
14 of the statutory requirements of this program is that all
15 the funds must be encumbered by the Board by June 30th of
16 2021. So we've had -- we're outlining what happens if we
17 get funds back in the meantime.

18 So if we get funds that either are returned or are
19 unspent, whatever they might be, if it's before the program
20 ends, if it's before that date, they'll return to the FDK
21 fund.

22 If they come back after that date, they'll
23 actually go back to the general fund where the allocation
24 for the program originated from. So that's what that
25 details.

1 1860.5 is program eligibility criteria and there's
2 basically four provisions here -- or maybe just three.
3 There's three of them.

4 You have to have -- with the 70-01, you have to
5 turn in a school board resolution providing approval to
6 provide full-day kindergarten instruction at the school site
7 that's being requested.

8 You're certifying that the district lacks the
9 facilities to provide full-day kindergarten instruction, and
10 along with the application, there should be a description of
11 the project that includes the total number of kindergarten
12 classrooms at the site before the project, the total
13 kindergarten enrollment at the site, and again, that will
14 include TK, and then the total number of classrooms that
15 will be at the site at the completion of the project and
16 then also the overall increase to the number of classrooms,
17 if there is any, to the overall school site.

18 So those are the kind of -- the things that must
19 come in with your form.

20 Application submittal periods -- going over to
21 page 52. We have two funding rounds outlined. They're
22 coming quick and the reason for that is because of the
23 requirement to have the funds encumbered, you know, within
24 about three years.

25 So the first funding round's going to begin

1 January 2nd of next year, 2019. It will run through the end
2 of January and then the second funding round will be May 1st
3 through May 30th of 2019. So we realize that's a quick
4 turnaround.

5 That's also why we've provided the ability to come
6 in without having DSA or CDE approvals in place. You can
7 get advanced funds.

8 So we're hoping that that works out. We wanted to
9 give everyone the maximum amount of time and that's the
10 reason why we designed that the way we did.

11 1860.7 is the application types, so there's
12 basically four of those. There's a standard new
13 construction grant where you have all your approvals in
14 place and then there's a new construction with advance. You
15 can get advance for design and/or site acquisition, just
16 like with SFP.

17 And then same thing with the modern. In this
18 program, it's called retrofit. You can get a retrofit grant
19 if you have all your approvals or you can come in for an
20 advance for design.

21 If you do have an advance application, you have 12
22 months from the apportionment to come in with your
23 approvals. So it's very similar to career tech, for
24 example.

25 Moving down, 1860.8, the district must hold title

1 to the land where the project will be built. And then over
2 on page 53, to determine the apportionment level, there's a
3 few sections in there and basically what it's talking about
4 is we're going to use the SFP level K through 6 base grant
5 for the number of the pupils in the projects.

6 There's add-ons for fire alarms, sprinkler, and
7 then we decided to, instead of having the normal site
8 development worksheet that we have with SFP projects, we're
9 just giving 35 percent for these projects -- 35 percent of
10 the base grant will be allocated for site development.

11 And that number, where that comes from, is we
12 looked at all the new construction projects we've ever
13 funded through the SFP since back to 1998 and what
14 percentage of those allocations included site development
15 and it came out to be like 34.8 percent.

16 So we've used that number, 35 percent, before. We
17 used it for guesstimating facility hardship projects and how
18 much site development will cost, and so it's a number that
19 we've used before and it really kind of just worked out when
20 we looked at the metrics for it.

21 So 35 percent for site development. 12 percent if
22 you're increasing the base grant, if you're building
23 multilevel classrooms in the project, and then there's also
24 project assistance available for these projects.

25 All of these amount will not be -- not all of

1 them, but the per pupil grant amount and the fire alarm and
2 sprinkler grants will be increased every year with the
3 construction cost index just like it is with SFP.

4 Moving on down to -- the next few sections are
5 really talking about site acquisition. I don't think I need
6 to mention much here. I think most of you are familiar with
7 the way site acquisition works for the School Facility
8 Program. It's pretty much identical.

9 The only couple things I wanted to call out were
10 that at our previous meetings, we had been talking about
11 leased sites and provisions around using the funds at leased
12 sites, but the more we looked into the statute, we don't
13 think that FDK statutes provide the ability to provide
14 funding at leased sites. So we've taken that out.

15 If somebody sees it differently, we'd love to hear
16 from you about it, but we looked pretty carefully and we
17 just don't see the ability to provide the funds at leased
18 sites.

19 The other thing, if you look over at page 54 --
20 stamped page 54, we do plan on prorating -- we're going to
21 reduce the amount of land acquired to the amount needed for
22 the project.

23 The chart that you'll see there about a third of
24 the way down on page 54 comes out of Title 5 and these are
25 the amounts that the Department of Education says are

1 required for -- or Title 5 says are required for the number
2 of kindergarten classrooms that are being provided. You'll
3 see what those amounts are.

4 And so, for instance, if you're acquiring an acre
5 to provide land to build a new kindergarten -- full-day
6 kindergarten classroom -- well, actually, if it's one
7 classroom, we're only going to be able to give you a third
8 of that -- or a .3 of that I should say, a little less than
9 a third.

10 So it's kind of like the way we do for SFP where
11 the master plan, size of the site drives the amount of
12 funding you can receive for site acquisition. It's kind of
13 the same thing we're doing here.

14 I don't think there's anything different about
15 1860.10.1, 10.2, or 10.3 from SFP. There's nothing really
16 different for full-day kindergarten. We just outline, you
17 know, the site acquisition guidelines, hazardous waste
18 removal at either a new site or an existing site. It's
19 pretty standard stuff.

20 Moving on to page 56, 1860.11 sets the dollar for
21 dollar matching share for new construction, 50-50, and then
22 section 12 and 13 talk about retrofits. 12's very similar
23 to what was in new construction. You have the K through 6
24 SFP modernization grant, the grant amount for a fire alarm
25 per pupil.

1 We are providing 35 percent site development for
2 retrofits as well. We heard from a lot of -- a few
3 different districts that said if they were to provide more
4 full-day kindergarten classrooms, there'd be -- the need for
5 possibly recreating a drop-off and pick-up area. They
6 might need to expand their playground or things like that.
7 So that's why we're providing site development where we
8 don't provide it in SFP for modernization.

9 And then we have the 50 percent for utilities for
10 50-year-old buildings, if you're retrofitting a 50-year-old
11 building, and project assistance. And those amounts will
12 also be upgraded -- or adjusted I should say through the CCI
13 each year.

14 And section 13 talks about how it's a 60-40 match,
15 just like modernization SFP.

16 MR. WATANABE: And then continuing down on
17 page 56, this section we're asking a little bit of help on.
18 It is a rule change on the funding process most likely. At
19 the end of it, I'll explain why.

20 As written, when we were looking at this program
21 how we fund the priorities, the statute specifies that low
22 income districts -- financial hardship districts and low
23 income school districts get a higher priority.

24 So when we initially created these regulations as
25 written, we created a priority point system where based on

1 your free and reduced price meal percentage, the higher you
2 are, the more points you get on that sliding scale.

3 And then we have those with financial hardship.
4 If you qualify for the program, you get another 40 points
5 regardless of how much contribution. So if you qualify for
6 financial hardship but you happen to have cash, you still
7 qualify and get those 40 points.

8 Our initial thought was highest scoring points,
9 you get a score first, we work down a list. And then as we
10 looked at our regulations and how they're drafted here, we
11 are at a point where if two school districts have the same
12 percentage points, two districts got 80 points, how do you
13 fund those two.

14 As we look at the regs, we said do a lottery
15 between those two and based on whether it indicated --
16 whoever won that lottery, we would fund their first project
17 and then we'd go onto the next school district. And we'd
18 keep going down the percentage points.

19 And the initial tie breakers was if you got funded
20 once in this round, then you're automatically eliminated
21 from that process, assuming we have limited funds.

22 As we looked at that more, though, we don't know
23 that school districts would do full-day kindergarten for one
24 campus. We think if a school district wants to do full-day
25 kindergarten, they're most likely to do it across the entire

1 school district. So just funding one project doesn't seem
2 like a likely possibility. So we're seeking feedback on
3 that.

4 The edit we're considering right now we still fund
5 by highest priority but at the district level. So if you're
6 the highest growing district in both categories and your
7 total points are the highest in per each funding round, then
8 we fund all of your projects before we go to the next
9 highest point.

10 So a large school district in theory with a high
11 free and reduced price meal and they're financial hardship,
12 we'd be funding all their kindergarten classrooms first
13 before we go to the next person in line.

14 And then we go to the next district points. Now,
15 if we reach the case where two districts have the same
16 points, we would do a lottery for that position in line. So
17 we're seeking feedback on whether a lottery makes sense on
18 funding for this program.

19 So if you have ideas, whether today or by email,
20 of another way to fund the order -- and this continues all
21 the way down the list.

22 If the round's big enough or if there's not enough
23 apps or hit those projects where nobody has any points and
24 we're just funding, we had intended date order received
25 because it's a filing round. So we would follow the same

1 methodology there.

2 But once everybody has real points, we're not sure
3 how we keep going down the list there. So -- beyond the
4 lottery system.

5 So we definitely want some feedback. But that's
6 one of the ideas you'll see going forward to the Board if we
7 can get some good ideas that make sense. Otherwise, right
8 now, the idea will be fund by points first and that's going
9 down. So it's something to think about on that method.

10 .15 on the bottom of page 57 what's describing how
11 you can qualify for hardship assistance. We are going to
12 combine that with .16 just because it's just one sentence.
13 So we're going to merge those two. So you'll see some
14 reordering when we do the final version of the regs.

15 The financial hardship criteria, though, is
16 essentially the same as the SFP. If you meet one of those
17 first light switch tests based on your bond indebtedness as
18 a district or your bonding capacity, passing a Prop. 39 bond
19 within the last couple years, then you'll qualify for those
20 40 points.

21 Then just like SFP, the second determination is
22 how much you contribute towards the project. So just like
23 we do in SFP, we'll look at your facilities fund, what's
24 available contribution and not encumbered towards projects,
25 and apply that towards these projects.

1 Apart from SFP, the current rules for SFP are when
2 we process your application, give you unfunded approval. If
3 you sit on the unfunded list for more than six months before
4 you actually get cash, we do a re-review to see if
5 additional cash has become available.

6 Because cash is available immediately in this
7 program, we're not doing the re-reviews. Once we say you
8 have the cash and you set aside your apportionments, you
9 keep your financial hardship status.

10 We're not going to go back and look at your funds.
11 We're not going to redetermine if you're eligible for the
12 program.

13 Once you're financial hardship, you stay financial
14 hardship for that particular filing round.

15 We will not be asking for any financial hardship
16 docs up front. We'll initiate you a scoring to see how you
17 rank and who we're actually going to process for the Board
18 that's within the filing round amount, and then we'll reach
19 out to you and we're providing you 30 days to get us the
20 financial documents to process that one.

21 Our financial hardship team based on their
22 experience and when we've had to rush through re-reviews,
23 they're thinking 30 days is sufficient. If school districts
24 think otherwise, we'll welcome that feedback too as well.

25 On the top of page 59 under fund release process.

1 So as we talked about in prior meetings, we are allowing all
2 school districts that don't have DSA approved plans to have
3 the potential for advance fund releases for phases of the
4 project.

5 So what .17(a) does is if you're requesting
6 advance design funds on your application for funding, as
7 soon as the Board approves your project and sets aside all
8 the funds for your project, all you need to do is give us a
9 signed grant agreement and then we will release 40 percent
10 of your base grant for new construction or 25 percent of
11 your base grant or retrofit grants upon receiving that
12 site -- of that grant.

13 What .17(b) does is the same thing, but also if
14 you're requesting site acquisition funding. So -- because
15 this program will allow you to set aside cash, what you
16 estimate your purchase price of your acquired land will be,
17 we -- but you may not have actually purchased it yet, as
18 part of the design grant, we also site that's equal to
19 2 percent of your preliminary appraisal to cover those site
20 other costs.

21 So you can do your appraisal and your escrow fees,
22 enter into escrow. Once you're into escrow, then you can --
23 you'll get a grant agreement for that before we release the
24 funds as well and that's true for each phase of the fund
25 releases.

1 And then lastly for site acquisition, just like
2 SFP, once you've actually entered escrow, you have a
3 purchase price, you'll submit your form 70-02 with us.
4 You'll give us your final appraisal for that project dated
5 within the six months.

6 You will give us your actual purchase price and
7 that -- the site acquisition grants are the one grants we
8 are adjusting at fund release. So we'll true it up and we
9 will release those funds to you too.

10 And then lastly for (c) is the release of your
11 construction funds. When you do your 70-02 fund release
12 authorization, just like SFP, you'll need binding contracts
13 for completion of the entire project. So we'll ask for the
14 construction contracts.

15 If you had requested your site acquisition or any
16 design funds, even though you intend to request those
17 released early, we will release all remaining funds left in
18 your account and move forward.

19 And then just like in SFP, if anything's not
20 adjusted at that end, we also could adjust it at audit too.
21 The two expenditures aren't aligned yet.

22 If we find your preliminary price quote's too low
23 or you present only an estimate of what your site
24 acquisition cost was too low, we can also, subject to
25 available funds, increase your grants to the actual site

1 costs as well.

2 And then the other -- one other grant that we
3 adjust at fund release is your multilevel grants. Once --
4 now that we have your DSA approved plans and you've entered
5 the contract to build with your plans, if you chose not to
6 build a multilevel classroom at that point in time, then
7 we'll remove the multilevel grant from your project.

8 Now, .18 is grant agreement submittal, just
9 indicating that priorities of each step of fund. We will
10 request a signed updated grant agreement if needed. We'll
11 walk through the grant agreement a little bit later today.

12 And then .19 is your program reporting
13 requirements. This one I think we also will need to edit,
14 but at the moment, one year after we apportion funds to your
15 project, you will need to submit an expenditure report.
16 That expenditure report is due one year based on when you --
17 the expenditure report is determined when your project is
18 one year past your final fund release or the district tells
19 us earlier that it's a hundred percent complete.

20 Based on those two dates -- and I think we need to
21 add this. It's already written -- is we've also added a
22 savings report requirement. Well, we haven't added it, but
23 we've clarified it.

24 On the SFP under statute, you just report annually
25 until your savings is spent. This program, because of the

1 limited time we have the funds, we're requiring all savings
2 be spent within one year of telling us your report's
3 100 percent complete.

4 So we don't expect a lot of savings in this
5 program due to the dollar amounts, but if you do have
6 savings, you report it with your final expenditure report or
7 up to one year later.

8 Any savings after that one year will return to the
9 program for reallocation.

10 Just like SFP also, unexpended funds on the
11 project, if you received any financial hardship funding for
12 the project, then there are no savings for financial
13 hardship. That will be returned to the program.

14 We added some clarifying language we don't see in
15 SFP, but we won't take back more savings than the actual
16 financial hardship grant.

17 And then just like any SFP, any interest earned on
18 state funds in your account while you're holding onto the
19 money, that'll be allowed to be expended on eligible project
20 expenditures, but if it's not expended by the end of the
21 project or one year after on nonfinancial hardship projects,
22 then that also will be returned back to the state.

23 1860.21 spells out the expenditure audit
24 requirements. The statutes for this program mirror the
25 current statutes for SFP and that all the audits will go

1 through your local auditors. So our office will work -- and
2 the process will be pretty much exactly the same.

3 Over the course of the next year, we'll work with
4 the controller's office to update their audit handbook and
5 build the audit program for there, but it's essentially the
6 same as our program.

7 Just like SFP, there's no longer a point or cap on
8 obtaining your documents. For audit, you retain your
9 documents until the audit occurs.

10 And then lastly under .22, we think it's
11 appropriate we add a requirement that you establish a
12 routine -- which is your maintenance. Can't look in your
13 general fund to maintain the facilities. And printed on
14 your form when you apply for funding, the district will
15 certify that they'll create that account as a plan.

16 Now, at this moment, that's the statute of
17 limitation on that account, that you've created it, you have
18 a plan to maintain your facilities. Beyond that, it's up to
19 the district's responsibility that they actually do it.

20 The requirements for the 3 percent general fund
21 deposit, 2 percent that that we've seen over the years,
22 those are written in two SFP statutes. So we're -- that
23 requirement doesn't -- you're not tied to those numbers, but
24 we still have the expectation you create an account with the
25 intent to maintain the facility. So that's where we're

1 going with that one.

2 Okay. Questions on the regs so far? You can come
3 on up.

4 MR. LAPASK: I wanted to add one thing too. We
5 have made a few minor changes to the regulations since we've
6 sent this out and it's really just things like authority
7 sections and wording -- little wording things here and
8 there.

9 Nothing substantive, but just to let everybody
10 know that there probably -- they're still evolving and I'm
11 sure they'll change a little more once this meeting's over
12 too, but we haven't done anything major.

13 MS. CUNNINGHAM: Elona Cunningham, Jack Schreder's
14 office. I just have a quick question regarding the
15 adjustments that can occur at the end for site acquisition
16 and multistory.

17 So will you set aside some money because we think
18 if you fund, for example, 50 million the first round and
19 there's no money to make the adjustment, how will you make
20 the adjustment?

21 MR. WATANABE: It's just SFP. If there's money
22 there, we'll do the adjustment, but we're not going to set
23 aside for it. So --

24 MS. CUNNINGHAM: So if you're out of money, the
25 adjustment won't happen?

1 MR. WATANABE: Correct.

2 MR. LAPASK: Yeah. The first funding cycle, I
3 think we're identifying 37.5 million and then the
4 remaining -- whatever the balance is after that will be the
5 second round.

6 MR. WATANABE: Yeah. I knew the adjustment for
7 site acquisition shouldn't be too high. We are requiring
8 you have a preliminary appraisal, so the school district
9 should have identified a site and provided a preliminary
10 appraisal when they think that would be so we don't expect
11 the adjustment to be too far off.

12 MS. CUNNINGHAM: Okay.

13 MR. WATANABE: But yeah, they're still subject to
14 general funds. Multilevel, all you need -- any district can
15 do this. If you think you're going to do multilevel, you
16 can check the box early and say I plan to do it and then if
17 you don't do it, we'll remove it.

18 MS. CUNNINGHAM: So it won't be an increase. It
19 would only be a decrease.

20 MR. WATANABE: Most likely.

21 MR. LAPASK: For multilevel, yeah.

22 MS. CUNNINGHAM: Thank you.

23 MR. WATANABE: Uh-huh.

24 MR. YEAGER: Fred Yeager, Department of Education.
25 Just a quick clarification on the 2 percent. So in most

1 cases, if this happens -- and I think it would be rare --
2 someone buys a third of an acre and it's worth 10,000 bucks.
3 2,000 is that to cover the appraisal to DTSC. The 2 percent
4 doesn't seem to work at that small of a scale.

5 MR. LAPASK: The 2 percent other has a \$25,000
6 minimum. That's the way it's written in. And it's to cover
7 things like you're saying, the soft costs kind of that are
8 associated with acquisition.

9 MR. YEAGER: And 25-, like is that -- any -- is
10 that what you're seeing these things cost when it --

11 MR. WATANABE: That --

12 MR. LAPASK: Yeah. That's a good question. I'm
13 not sure we have numbers.

14 MR. YEAGER: -- 20-year-old number --

15 MR. LAPASK: Yeah.

16 MR. YEAGER: -- whenever it is. So I don't know
17 if that's a good number or a bad number or whatever it is.
18 I expect it's a hardship type situation, what that is.

19 MR. WATANABE: We actually don't have stored data
20 on that --

21 MR. YEAGER: Yeah. How many are actually going to
22 be buying a third of an acre or whatever it is but --

23 MR. WATANABE: Right.

24 MR. YEAGER: -- but -- yeah.

25 MR. WATANABE: Also that's just like SFP, if you

1 don't spend it on your escrow costs, it rolls into your base
2 grant.

3 MR. LAPASK: Hello.

4 MS. CURLY: Good morning. Rebecca Curly on behalf
5 of Coalition for Adequate School Housing. I have a question
6 on the pupil grant request. New construction, but I guess
7 it could also be a question for the retrofit program.

8 Will it all be multiples of 25? So if you've got
9 one classroom, 25 grants, two classrooms, 50 grants?

10 Or is it going to be related to that number -- the
11 GAP number on -- let's say you've got 15 pupils that you
12 can't house with your facilities for a full-day
13 kindergarten. Will it all be multiples of 25 on the funding
14 side because there's also a relationship to the backend when
15 you adjust your baseline. I'm curious about that.

16 MR. WATANABE: -- on our examples?

17 MR. LAPASK: Did we round up on examples?

18 MS. CURLY: Yeah. I saw the examples, but, you
19 know, would you ever foresee a situation where if the new
20 construction filed a request for only 10 pupil grants rather
21 than 25?

22 MR. WATANABE: Yeah. I think what we've shown
23 is -- so if you have 26 kindergarten pupil facility, the
24 state load is at 25 kindergarten kids per classroom. If we
25 saw, say, 26 existing kindergarten kids on campus --

1 MS. CURLY: Right.

2 MR. WATANABE: -- we would round up to show you
3 have a need for two classrooms. So you would have one
4 existing kindergarten classroom. You have a shortfall of
5 one classroom. So we'd fund for one classroom --

6 MS. CURLY: Got it. So it's always going to the
7 loading standard is the equivalent of the grant --

8 MR. WATANABE: Yes.

9 MS. CURLY: Would a district have the option of
10 requesting fewer than the 25 grants?

11 MR. LAPASK: Well, you're not using eligibility.
12 So it's -- you're going to -- it's going to be the number of
13 pupils enrolled there.

14 MS. CURLY: Yes. I guess I'm thinking on the
15 backend of the eligibility adjustment for the baseline.
16 That's always going to be 25.

17 MR. LAPASK: Yes.

18 MR. WATANABE: That's true.

19 MS. CURLY: Okay. Thank you.

20 MR. WATANABE: Yeah. And also using your example,
21 so if we saw 12 TK classroom pupils and 12 kindergarten
22 classroom pupils, so you only have a combined total of 24,
23 then that's only one classroom of need or --

24 MR. LAPASK: Yeah. We wouldn't separate them.
25 Yeah.

1 MS. CURLY: Got it. Thank you.

2 MR. WATANABE: Any other questions? Okay. Well,
3 we'll move on to the forms. Beginning on stamped page 4.
4 So we have three forms in the program. The first one is the
5 application for funding. Very similar to how we have the
6 SFP ones laid out. We tried to group things a little better
7 than SFP that would migrate over time.

8 So we tried to group things together I guess you
9 could say.

10 So the instructions kind of walk you through two
11 things. One is you use this form to request the grants that
12 you need for your project and based on these numbers is how
13 we fund you.

14 So like we talked about multilevel. If you plan
15 to do multilevel, then check the box, we'll give you the
16 grant.

17 If you have DSA approved plans, then, you know,
18 you won't -- you only check it if you actually have it.

19 On page 6 -- I'll walk you through the different
20 sections. So parallel to the regs -- and we actually have
21 to update those regulation sections there. So we have 1(a)
22 through (g). So you have four applications to apply for the
23 program.

24 The difference between them, (a) and (c), you have
25 DSA approved plans. So if you're going to get cash

1 apportionments right away, you can request fund releases as
2 soon as you can show us you have a construction contract.

3 Now, if you're applying under one, we wouldn't be
4 giving advance releases for site or design. It's an all or
5 nothing grant and release. And tied to those instructions,
6 you'll see provide us your DSA plan approval number, provide
7 us your DSA plan number, CDE's plan approvals, what have
8 you.

9 And that's why this app is applicable throughout.

10 (b) and (c), you're requesting advance. So you
11 don't have DSA approved plans. You may not have acquired
12 site. Any time a project is not construction ready
13 basically, you would go for those two types of grants.

14 In section 2 is the pupil grant we talked about.
15 How many pupils are you requesting for this project? Do you
16 have a shortfall of one classrooms, then you put 25 there; a
17 shortfall of two classrooms, you put two.

18 Number of classrooms is tied to that number. So
19 it's simple math right there.

20 (c) through (g) are all applicable. It depends on
21 the nature of your project. If you're not requesting site
22 acquisition, we won't necessarily request your site approval
23 records. If you have DSA approved plans, you're
24 construction ready, then we'd like to see those numbers
25 there as you move forward.

1 So which box you check are tied to whatever you
2 check in box 1 through (d).

3 3 is for your project priority funding order. So
4 within a school district. So this is what the mindset, if
5 we do a lottery for a certain place in line on the funding
6 list, if the district wins a lottery, which project do they
7 want us to fund first as we work down the list.

8 Even in the case of limited funds and we keep what
9 our current proposal may be to fund the highest points for
10 one school district first, if they have 20 projects, but we
11 can only fund 10 of them, we need to know which ones they
12 want us to fund in what order. So the priority projects is
13 just to determine that.

14 4 is preference points. If you know your free and
15 reduced price meal, are requesting priority, we request that
16 you put that in. We're doing it based on the latest
17 published info by CDE, so we can compare to that.

18 Box 4, if you're requesting points for priority
19 for being a financial hardship district or are requesting
20 financial hardship funding, you would check the financial
21 hardship box. If you have your documents to qualify or if
22 you are familiar with your Phase 1 documents, we'll work on
23 separate checklists for this program, but if you have --
24 otherwise we'll process your app at that point.

25 But if you at least know you want the points,

1 check the box for that.

2 Box 5 is for if you had selected application type
3 (a) or (b) in section 1, if you would like any of those
4 grants, they are optional. Keep in mind it is a district
5 matching program, so anything you request, you will have to
6 match unless you're financial hardship.

7 Box 6, if you're requesting site acquisition
8 funding, enter all the relevant amounts tied to the cost of
9 your site. Hazardous waste, same thing there.

10 Box 7 is if you chose 1(b) or 1(d) for your type
11 of application, you're doing a retrofit project and you
12 request these grants, just check the box then.

13 And 8 is more for tracking purposes because we do
14 a lot of questions -- get a lot of questions from school
15 districts tied to your construction delivery method that you
16 plan to use. In the case if you have a work plan -- a
17 contract for this project, we'd like to know those dates as
18 well.

19 Just like SFP, we ask for certification from your
20 architect that the plans approved by DSA or that parts of it
21 don't need to, if that's the case.

22 Moving onto page 7, we don't anticipate this being
23 an issue, but just like SFP, we are asking the district
24 architect to certify that 60 percent of the project is for
25 construction-related work.

1 And then we updated all certifications strictly
2 for this program. So anything that was SFP related, this
3 mirrors what we have on applications for funding for the
4 School Facility Program. Anything not tied to this program,
5 we've removed and stripped it down to just what's tied to
6 the full-day kindergarten program.

7 And then the only thing you need to know on the
8 bottom of page 7, there's two check boxes on the bottom
9 right there. If you have a certification or a school board
10 resolution that you are going to begin full-day kindergarten
11 and you already have that, you would check that box and put
12 the date that resolution occurred or you'd check the other
13 box that prior to the completion of this project, you'll
14 have that in place by then. When you turn in your final
15 expense report, we'll ask for a copy of that resolution at
16 that point in time.

17 The next form is our 70-02, our fund release
18 authorization form. So you do not need this form if you're
19 requesting advance design funds. You just need to return
20 your grant agreement and we will automatically release that.

21 If you're asking for just a release of site
22 acquisition funds, we'll send you a grant agreement based on
23 what you filled out on your application for funding.

24 Once you actually enter into escrow and have a
25 full appraisal -- a final appraisal for that project, you

1 would check the various boxes. You'll need your CDE
2 approval letters. Provide those to us and we will release
3 your site acquisition funds so you can continue along with
4 the purchase of your site.

5 And then at such time you're ready up to one year
6 after your apportionment, you could do part 2 and request
7 the release of your construction funds. So just like SFP,
8 you certify that you have binding contracts for the
9 completion of your project.

10 In the case of the full-day kindergarten though,
11 you have to have your matching share at the time of fund
12 release.

13 In the SFP, there's a clause that says by the time
14 the project's done, you will have contributed, that part has
15 been eliminated for this program. So you do need to certify
16 the application here. Applicable matching share's already
17 been deposited or expended prior to our fund release.

18 If you were funded with advance release of design
19 funds, we're asking for your DSA approval with the
20 application numbers. At this point in time, you should have
21 signed by statute your contracts only after you have these
22 approvals. So we're verifying those dates at this point in
23 time.

24 And then part 4 on this form, just information for
25 us so that we know where we are on the fund release process,

1 that you either have submitted a grant request -- grant
2 agreement for this phase of the project or that it's
3 accompanying the form.

4 And then lastly is our expenditure report form.
5 It's a simplified form. We kind of mirror what we did in
6 the Emergency Repair Program. This form is due upon
7 completion of your project up to one year after fund
8 release. We are asking for just a summary of all the
9 district's funding.

10 So we'll help you do the math that we haven't done
11 on some of our other forms, but use up all the district
12 funds, interest earned on state funds, what your total
13 expenditures. If you overspend the project, you know, we're
14 done. If you have savings, then we ask you to fill that in
15 the box (g).

16 If you have at this point in time you know you've
17 already expended those savings, you'll move onto box 3 and
18 also attach those expenditures. Just like all our other
19 programs, we're asking for a detailed list of all your
20 expenditures, warranty, warrant amounts, payees
21 description -- a brief description of each one.

22 So the same thing then, if you know your
23 expenditures or savings are reported with this form and you
24 use box 3 for that. If you still have savings and haven't
25 used it all up, you have one more year to report all your

1 savings to us. You would just resubmit this form again. We
2 have two boxes in the upper right to show that you are doing
3 a final savings report and you just report the last of your
4 savings to us.

5 And then lastly, box 5, you check the box. If we
6 didn't already receive your board resolution that you're
7 doing full-day kindergarten, we'd ask for it at this point
8 in time, that, okay, now that my project is done, I have my
9 resolution, we are doing full-day kindergarten.

10 I think those are the forms. Any questions on
11 those? Elona.

12 MS. CUNNINGHAM: I have a quick question regarding
13 financial hardship. So if a district overspends in the
14 kindergarten program and they're a financial hardship
15 district and then three months later, they submit a funding
16 application for an SFP project, will those over-expended
17 funds be considered a contribution to the SFP project or are
18 they completely different?

19 MR. LAPASK: Completely separate.

20 MR. WATANABE: Yeah. I think our intent is
21 separate programs.

22 MR. LAPASK: We could check on that.

23 MR. WATANABE: We hadn't intended a three-year
24 lockout, the full-day kindergarten program won't last long
25 enough to do that. So if they're over-expended, we just

1 move on regardless --

2 MS. CUNNINGHAM: Okay. So it won't be applied to
3 the --

4 MR. WATANABE: We can clarify that.

5 MR. LAPASK: We'll clarify. Thank you.

6 MS. CUNNINGHAM: Thank you.

7 MR. WATANABE: Any other questions on forms?

8 Okay. We'll talk about the grant agreement now.

9 MR. LAPASK: Looking at page 12 in your packet,
10 you know, the grant agreement that we have here today, it's
11 very similar to the one that you are used to seeing for the
12 School Facility Program.

13 We went through and we updated all the references
14 accordingly. Of course, you know, it's all referring to
15 full-day kindergarten now in those forms, not the SFP forms,
16 but we really haven't changed much of it.

17 So unless anybody has specific questions about it,
18 I don't think I need to go through every section. There are
19 some differences that I would like to point out.

20 In the retrofit, if you turn to page 35, in the
21 retrofit area for the common eligible project expenditures,
22 we've added in some stuff there for site development because
23 we didn't have that in SFP, and we've added in the ability
24 to add square footage through the retrofit program as well,
25 so, you know, foundations and things like that that you

1 would need to do if you had to expand your room to meet the
2 Title 5 requirements for a larger size or to build a
3 bathroom on it, for instance.

4 But aside from that, there's really not anything
5 major that we've changed in here other than, like I said,
6 the references to authority and just all the different
7 references throughout to -- you know, to not be the SFP
8 anymore.

9 So I don't think that there's much more to say
10 than that. It's a very similar document to what you've been
11 seeing for the SFP now for quite some time, but we'd be
12 happy to answer any questions you might have related to the
13 grant agreement or anything else.

14 MR. WATANABE: So if we can, I want to circle back
15 to the funding order because I know I see a little -- a few
16 puzzled faces in the room. But if you have any thoughts
17 now, I'd appreciate it. It may not be the best way. If
18 not, definitely, please think about it, how it might work
19 and shoot us some notes. We'd appreciate that.

20 Otherwise, right now, our thought is based on your
21 true preference point scores and if your district has the
22 most points, we fund all of your projects before moving to
23 the next highest points and we just keep on going from
24 there.

25 And then after that, when we reach the point that

1 the points don't work anymore, then we do a lottery system,
2 district by district and then project by project. That's
3 it.

4 MR. YEAGER: Michael, could you bring that chart
5 up again?

6 MR. WATANABE: The --

7 MR. YEAGER: Yeah.

8 MR. WATANABE: This the chart you wanted?

9 MS. JONES: Yes --

10 MR. YEAGER: Right. The look of how -- I couldn't
11 see the ranges of free and reduced price meal, what each
12 amount, what's in there, but they would have equal weight
13 the two factors being financial hardship is yes/no --

14 MR. LAPASK: Yeah. It's 40 or zero basically.

15 MR. YEAGER: -- at that point in time and then the
16 other one --

17 MR. LAPASK: We're looking at page 57 by the way.

18 MR. YEAGER: It's on up to a hundred percent,
19 so --

20 MR. LAPASK: Yeah. It starts at 60 percent and
21 goes up to 100 and four points up to 40.

22 MR. WATANABE: All right. As we pulled the free
23 and reduced price data for the state, we sorted it in
24 descending order, 100 percent down, to see what the impact
25 would be and there -- the top I would say 80 percent are --

1 or not top -- 80 percent and higher, there's not a lot of
2 huge school districts that we see where a huge school
3 district that would also be financial hardship, come in with
4 a bunch of projects and take all the money. So we don't
5 anticipate it being issue, but it could be.

6 MR. YEAGER: And that school or district, free and
7 reduced that's district?

8 MR. WATANABE: That's based on district.

9 MR. LAPASK: District level.

10 MR. YEAGER: -- the statute that says this. Okay.

11 MR. LAPASK: Yeah.

12 MR. WATANABE: Yeah.

13 MR. YEAGER: All right.

14 MR. LAPASK: And it'll be based on the time that
15 they come in with their submittal. At that point basically
16 is an as-of date.

17 MR. YEAGER: All right.

18 MR. WATANABE: Well, we haven't heard from a lot
19 of school districts that it's a concern. What a school
20 district -- because our first proposal was when the
21 application for a school district --

22 MR. YEAGER: Right.

23 MR. WATANABE: -- before it'd come back around to
24 the school district again. So we go around these school
25 districts, we don't know how many of these school districts

1 would do full-day kindergarten for just one school site.

2 MR. YEAGER: Right. In a way, you know, if the
3 free and reduced price meals is more variable, so if that
4 were a larger scale number of points on that side, would
5 that reduce the number of ties or kind of distribute it a
6 bit more because a district's either 40 points or not on
7 financial hardship. So if there's more variation or more
8 points given on that, it kind of targets a different piece.

9 MR. WATANABE: Yeah. But you're still talking
10 about a district level, right?

11 MR. YEAGER: Right. Or -- yeah. And -- because
12 that is if there's a very large financial hardship district
13 out there, you'll fund one district.

14 MR. WATANABE: Yeah.

15 MR. YEAGER: Yeah. That would do this.

16 MR. WATANABE: Yeah.

17 MR. LAPASK: Potentially. Potentially.

18 MR. YEAGER: However, the handicapping has all
19 that --

20 MR. WATANABE: Yeah.

21 MR. YEAGER: -- so -- and that is -- you know,
22 it's like reassigning the weight of the free and reduced
23 price meal that may alter it.

24 MR. WATANABE: We had briefly considered financial
25 hardship too -- making that a sliding scale based on say

1 percentage of district contribution --

2 MR. YEAGER: Right.

3 MR. WATANABE: -- towards their match. I think
4 you still have the same issue from a district to district
5 level. We fund one project for a school district or --

6 MR. YEAGER: Right.

7 MR. WATANABE: -- fund it school district by
8 school district.

9 MR. YEAGER: And so -- on the other side, so a
10 very small school or district that has combination classes,
11 say 12 and 12, kindergartens, first grade, so they're
12 eligible for one --

13 MR. LAPASK: Yes.

14 MR. YEAGER: -- one --

15 MR. LAPASK: Yes.

16 MR. WATANABE: A full classroom.

17 MR. YEAGER: Even if they're sitting in a
18 kindergarten designed classroom, so they get the first grade
19 classroom.

20 MR. WATANABE: No. Because the lack of facilities
21 is the major requirement of the program. So if you have a
22 kindergarten compatible classroom, CDE agrees that it is a
23 kindergarten classroom, if you have 12 kids in there, then
24 they are housed.

25 MR. YEAGER: Even with first graders in it.

1 MR. WATANABE: Yes. You don't lack facilities for
2 a kindergarten. I guess you could say you lack a first
3 grade classroom.

4 MR. YEAGER: Right. Right. Right. Yeah. So
5 build another kindergarten classroom, you'll have two and
6 put first graders --

7 MR. WATANABE: Okay. All right. So please think
8 about that. We will restructure the regs for that section a
9 little bit. As Brian mentioned, our regs -- we found a few
10 statute references. We're going to clean it up a little bit
11 more for flow. We thought it more appropriate to move the
12 financial hardship determination before you even get to the
13 points for financial hardship from an ordering standpoint.
14 So we're going to do a little bit reordering there.

15 There's a few grammatical stuff we'll clean up,
16 but anything major we'll definitely point out on the full
17 cover item. As we work towards the October Board, same
18 thing we always do, we will -- our goal is to publish the
19 final version at least a week before the Board so you can
20 see that.

21 So if you have any other comments, like to see the
22 final version. As we mentioned in the beginning, if by next
23 Thursday you can submit us any ideas you have, any comments
24 on anything, the forms, the grant agreement, the
25 regulations, please email me and Brian or the full-day

1 kindergarten team. Their contact information is updated on
2 our webpage now.

3 Yeah. We're looking for all that so we have a
4 clean product going forward and get the program moving.

5 If there's no other questions or comments, I think
6 that concludes the meeting. Thank you.

7 MR. LAPASK: Thank you.

8 (Whereupon, at 10:54 a.m., the proceedings were
9 adjourned.)

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REPORTER'S CERTIFICATE

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IN WITNESS WHEREOF, I have subscribed my name on October 9, 2018.

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